

By: Paxton

S.B. No. 1619

A BILL TO BE ENTITLED

AN ACT

relating to the exemption of inventory of certain retail businesses from ad valorem taxation by a school district.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter B, Chapter 11, Tax Code, is amended by adding Section 11.35 to read as follows:

Sec. 11.35. RETAIL INVENTORY. (a) A person is entitled to an exemption from taxation by a school district of the appraised value of the person's inventory held for sale at retail.

(b) The exemption provided by Subsection (a) does not apply to:

(1) real property;

(2) a dealer's motor vehicle inventory, as defined by Section 23.121;

(3) a dealer's heavy equipment inventory, as defined by Section 23.1241;

(4) a dealer's vessel and outboard motor inventory, as defined by Section 23.124; or

(5) retail manufactured housing inventory, as defined by Section 23.127.

SECTION 2. Section 403.302(d), Government Code, is amended to read as follows:

(d) For the purposes of this section, "taxable value" means the market value of all taxable property less:

1 (1) the total dollar amount of any residence homestead
2 exemptions lawfully granted under Section 11.13(b) or (c), Tax
3 Code, in the year that is the subject of the study for each school
4 district;

5 (2) one-half of the total dollar amount of any
6 residence homestead exemptions granted under Section 11.13(n), Tax
7 Code, in the year that is the subject of the study for each school
8 district;

9 (3) the total dollar amount of any exemptions granted
10 before May 31, 1993, within a reinvestment zone under agreements
11 authorized by Chapter 312, Tax Code;

12 (4) subject to Subsection (e), the total dollar amount
13 of any captured appraised value of property that:

14 (A) is within a reinvestment zone created on or
15 before May 31, 1999, or is proposed to be included within the
16 boundaries of a reinvestment zone as the boundaries of the zone and
17 the proposed portion of tax increment paid into the tax increment
18 fund by a school district are described in a written notification
19 provided by the municipality or the board of directors of the zone
20 to the governing bodies of the other taxing units in the manner
21 provided by former Section 311.003(e), Tax Code, before May 31,
22 1999, and within the boundaries of the zone as those boundaries
23 existed on September 1, 1999, including subsequent improvements to
24 the property regardless of when made;

25 (B) generates taxes paid into a tax increment
26 fund created under Chapter 311, Tax Code, under a reinvestment zone
27 financing plan approved under Section 311.011(d), Tax Code, on or

1 before September 1, 1999; and

2 (C) is eligible for tax increment financing under
3 Chapter 311, Tax Code;

4 (5) the total dollar amount of any captured appraised
5 value of property that:

6 (A) is within a reinvestment zone:

7 (i) created on or before December 31, 2008,
8 by a municipality with a population of less than 18,000; and

9 (ii) the project plan for which includes
10 the alteration, remodeling, repair, or reconstruction of a
11 structure that is included on the National Register of Historic
12 Places and requires that a portion of the tax increment of the zone
13 be used for the improvement or construction of related facilities
14 or for affordable housing;

15 (B) generates school district taxes that are paid
16 into a tax increment fund created under Chapter 311, Tax Code; and

17 (C) is eligible for tax increment financing under
18 Chapter 311, Tax Code;

19 (6) the total dollar amount of any exemptions granted
20 under Section 11.251, ~~or~~ 11.253, or 11.35, Tax Code;

21 (7) the difference between the comptroller's estimate
22 of the market value and the productivity value of land that
23 qualifies for appraisal on the basis of its productive capacity,
24 except that the productivity value estimated by the comptroller may
25 not exceed the fair market value of the land;

26 (8) the portion of the appraised value of residence
27 homesteads of individuals who receive a tax limitation under

1 Section 11.26, Tax Code, on which school district taxes are not
2 imposed in the year that is the subject of the study, calculated as
3 if the residence homesteads were appraised at the full value
4 required by law;

5 (9) a portion of the market value of property not
6 otherwise fully taxable by the district at market value because of:

7 (A) action required by statute or the
8 constitution of this state that, if the tax rate adopted by the
9 district is applied to it, produces an amount equal to the
10 difference between the tax that the district would have imposed on
11 the property if the property were fully taxable at market value and
12 the tax that the district is actually authorized to impose on the
13 property, if this subsection does not otherwise require that
14 portion to be deducted; or

15 (B) action taken by the district under Subchapter
16 B or C, Chapter 313, Tax Code, before the expiration of the
17 subchapter;

18 (10) the market value of all tangible personal
19 property, other than manufactured homes, owned by a family or
20 individual and not held or used for the production of income;

21 (11) the appraised value of property the collection of
22 delinquent taxes on which is deferred under Section 33.06, Tax
23 Code;

24 (12) the portion of the appraised value of property
25 the collection of delinquent taxes on which is deferred under
26 Section 33.065, Tax Code; and

27 (13) the amount by which the market value of a

1 residence homestead to which Section 23.23, Tax Code, applies
2 exceeds the appraised value of that property as calculated under
3 that section.

4 SECTION 3. This Act applies only to an ad valorem tax year
5 that begins on or after the effective date of this Act.

6 SECTION 4. This Act takes effect January 1, 2014, but only
7 if the constitutional amendment proposed by the 83rd Legislature,
8 Regular Session, 2013, authorizing the legislature to exempt from
9 ad valorem taxation by one or more political subdivisions of this
10 state a person's inventory held for sale at retail is approved by
11 the voters. If that amendment is not approved by the voters, this
12 Act has no effect.